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SUBJECT: YOUTHFUL POLITICIANS SHAKE UP GERMAN STATUS QUO

SENSITIVE BUT UNCLASSIFIED.

REFS: A) BERLIN 169 B) 08 MUNICH 355 and previous

SUMMARY

¶11. (SBU) Karl-Theodor zu Guttenberg (37) is Germany's new and youngest-ever Economics Minister, assuming a portfolio for which he is not wholly suited academically (REF A) but which he could master using his proven personal and political skills. If he is successful, he could become the poster child for renewal of Horst Seehofer's Christian Social Union (CSU), now struggling to convince voters that it is modern and savvy enough to succeed and not the hide-bound regional redoubt of conservatism that lost big in Bavaria last fall (REF B). (Biographical data at paragraph 8.) End Summary.

¶12. (SBU) Supporters and detractors focus on the same qualities in the precocious zu Guttenberg: his youth, charisma, foreign policy experience, and upward momentum. Supporters say he will be effective because he understands modern challenges, is well known on both sides of the Atlantic, and is effective. Detractors say he has too little experience in general and that his foreign policy expertise is wrong for the Economics Ministry during an economic crisis.

¶13. (SBU) Zu Guttenberg has a proven record of beating the expectations of politicians and the public. He unexpectedly contested and won the Chairmanship of the CSU in Upper Franconia, a region of Bavaria, in 2007. After becoming party general secretary just three months ago, he used warmth, charisma and direct engagement to win over party members in the provinces who were skeptical of his allegedly cool and aristocratic bearing (see bio notes below at paragraph 8).

Politicians Curious; Private Sector Upbeat

¶14. (SBU) Zu Guttenberg could add some gloss to the cabinet by concentrating in a high-profile way on the business side of the economy, leaving high finance to Peer Steinbrueck (Social Democratic Party, SPD). This might be a good strategy. Senior contacts at the Bavarian Economics Ministry told the Consulate political specialist that "they are enthusiastic about zu Guttenberg." Although he would not really have time to master the difficult ministry within the six months he has before the Federal Bundestag election, they believed zu Guttenberg was "smart, with a quick mind, and that he would definitely make himself far more visible than Glos ever did." Embassy contacts in Berlin have echoed these sentiments and think zu Guttenberg is well-suited to capitalize on opportunities with the new US Administration. He seems to get on well with Chancellor Merkel. Moreover, business representatives and the private sector

have given the new man an early round of applause. For example, Employers' Association President Dieter Hundt said zu Guttenberg's international experience, political clout, and contacts would all help him promote the interests of employers. Representatives from Industry and Chambers of Commerce expressed the expectation that zu Guttenberg would support medium-sized business and strengthen transatlantic economic ties, based on his own experience in his family's enterprises. Zu Guttenberg's tasks are manifold: Implementation of the savings package worth 100 billion Euros; negotiate with companies that have asked for state money, such as Continental and car manufacturer Opel; find a solution for Hypo Real Estate bank; and tackle a wealth of questions with regard to energy and ecology. Chancellor Merkel will want zu Guttenberg to strike a balance between being seen as a hands-on minister and preventing the election campaign from being fought over the financial crisis, something that could weaken Government prospects.

THE NEW CSU - MORE ATTRACTIVE TO VOTERS?

¶ 15. (SBU) With this appointment, Bavarian Minister President Horst Seehofer, also CSU, extended his radical rejuvenation strategy of the party to the federal level. Michael Glos was the last senior CSU politician from the preceding Edmund Stoiber generation. "zu Guttenberg is young, very young - but that is exactly what I want in the process of renewal," said Seehofer. The CSU faces potentially existential challenges in the races for the German Federal and European Parliaments and Seehofer obviously believes that only fresh faces can lead the party into a brighter future. After taking office as Bavarian Minister President last fall, Seehofer replaced all members of the cabinet over 60 years of age with considerably

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younger people, including more women. Seehofer's departure as Federal Agriculture Minister enabled him to install 44-year old Ilse Aigner as his successor. With zu Guttenberg gone to Berlin, Seehofer has appointed two from the younger CSU generation to replace him - Alexander Dobrindt, a relative unknown 38-year-old Bundestag deputy, and Dorothee Baer, the 30-year-old who was just recently promoted to foreign policy spokesperson of the CSU Bundestag caucus. Seehofer knows that the June 7 European Parliament elections and the September 27 national elections are the tests to see whether Bavarians go along with his new CSU.

Comment

¶ 17. (SBU) The SPD may hope to profit from the replacement of Michael Glos with the relatively inexperienced zu Guttenberg; this may prove difficult. Glos was from the start considered one of Merkel's weakest ministers, and his departure removes a favorite target of his political opponents. It will be far more difficult to score points by attacking his successor, who is a skilled debater. In the middle of a serious economic and financial crisis, zu Guttenberg's challenge will be to convince the electorate in Germany that the CDU/CSU remains the party best able to cope with economic challenges. It may not hurt that the new CSU Secretary General, Alexander Dobrindt, has previously served as economic spokesman of the CSU caucus. The economy will no doubt be the overriding issue in the unfolding election campaign.

Biographical Data: Germany's Youngest Minister, a Baron

¶ 18. The 37-year-old Karl-Theodor von und zu Guttenberg was CSU Secretary General for only 100 days. His nomination to Federal Economics Minister had not been on his agenda; however, he said, it was "an honor he could not reject." zu Guttenberg, descendant of a nobility line dating back to the year 1149, comes from a family with a strong political background: His grandfather was a Parliamentarian State Secretary under Chancellor Konrad Adenauer, his father is a famous conductor, and his grand-uncle supported NS resistance fighter Count von Stauffenberg and was executed by the Nazis. His

father left the CSU when then-Minister President Streibl cancelled his participation in a demonstration against anti-Semitism (he later rejoined the party). Zu Guttenberg is a man of considerable rhetorical skills, which in 2007 resulted in his election to CSU district chairman of Upper Franconia over his rival, party whip Hartmut Koschyk. Ever since he became a member of the Bundestag in 2002, he has proven a quick study, making himself a name as foreign and security policy expert. He draws from a rich network of international contacts, in Europe as well as in the U.S. Right before the February 6-8 Munich Security Conference, he chaired a roundtable on foreign policy issues, attended, among others, by Special Representative Richard Holbrooke, Deputy Secretary James Steinberg, and USNATO Ambassador Kurt Volker. He is not without an economic background. For a few years, he worked as investment banker in New York; until 2002, he served as managing director of a family business. He also helped prepare a medium-sized company, Rhoen Hospitals, to enter the stock market. He speaks fluent English. His wife, Stephanie, is also of noble lineage. They have two daughters. Diplopedia reference:
http://diplopedia.state.gov/index.php?title=Karl_Theodor_Freiherr_zu_Guttenberg

¶9. (U) Consulate General Munich coordinated this report with Embassy Berlin. Track Munich reporting at
<http://www.intelink.sgov.gov/wiki/Portal:Germ> any.